

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF THE UNION LIGHT,)	
HEAT AND POWER COMPANY FOR AN ORDER)	
AUTHORIZING ISSUE AND SALE OF UP TO)	CASE NO. 92-417
\$40,000,000 PRINCIPAL AMOUNT OF FIRST)	
MORTGAGE BONDS)	

O R D E R

On September 24, 1992, The Union Light, Heat and Power Company ("ULH&P") filed its application for authority to issue and sell long-term debt in the form of First Mortgage Bonds ("New Bonds") in one or more transactions from time to time through December 31, 1994, the aggregate principal amount of which together shall not exceed \$40,000,000. The interest rate applicable to the First Mortgage Bonds of each such series would 1) not exceed by more than 300 basis points the yield to maturity on United States Treasury 6-3/8 percent Notes due 2002, as of the date of pricing if the First Mortgage Bonds mature by the end of 2002; or 2) not exceed by more than 350 basis points the yield to maturity on United States Treasury 7-1/4 percent Bonds due 2022, as of the date of pricing if the New Bonds mature after 2002.

ULH&P also filed on September 24, 1992 an application for authority to issue up to \$30 million in capital stock in Case No. 92-418.¹ Hence, ULH&P seeks to issue an aggregate principal amount

¹ The Application of The Union Light, Heat and Power Company for an Order Authorizing Issue of Capital Stock.

of \$70 million in new securities. The proceeds from the sale of the securities would be used to repay short-term debt, including approximately \$21,000,000 outstanding as of September 30, 1992; to redeem ULH&P's \$10,000,000 First Mortgage Bonds 9-1/2 percent series due December 1, 2008 and \$20,000,000 First Mortgage Bonds 9.70 percent series due July 1, 2019 if interest rates remain favorable; to retire at maturity ULH&P's \$6,500,000 First Mortgage Bonds 4-3/8 percent series due July 1, 1993; and to fund construction expenditures and other general corporate purposes. Attached as Appendix A is ULH&P's approved construction budget totalling over \$61,000,000. However, ULH&P has announced reductions of approximately \$7,900,000 in 1993 and \$10,800,000 in 1994 from this budget. The specific projects to be delayed have not yet been identified.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by ULH&P of up to \$40,000,000 in First Mortgage Bonds are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. ULH&P be and it hereby is authorized to issue and sell up to \$40,000,000 of its First Mortgage Bonds in one or more transactions through December 31, 1994. The securities will be

sold in a public offering through one or more agents or on a negotiated basis with one or more underwriters or agents, or a private placement transaction utilizing the proper documentation.

2. ULH&P shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

3. ULH&P shall file, within 30 days of approval, its revised construction budget reflecting the delayed projects and pending projects.

4. ULH&P shall, within 15 days prior to any issuance referred to herein, notify the Commission of the pending issuance and the intended use of the proceeds.

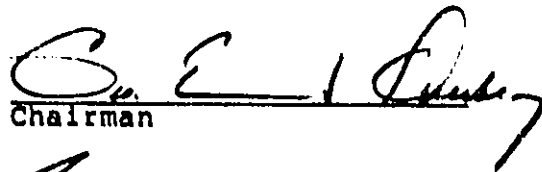
5. ULH&P shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

6. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

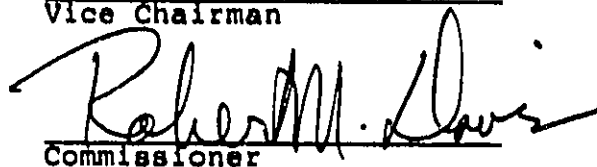
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky on any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 16th day of November, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 92-417 DATED November 16, 1992

THE UNION LIGHT, HEAT AND POWER COMPANY ESTIMATED CONSTRUCTION EXPENDITURES

	<u>1993</u>	<u>1994</u>
	<u>(Thousands of Dollars)</u>	
<u>ELECTRIC</u>		
Miscellaneous improvements to distribution system (projects projected to cost less than \$100,000 each)	7,709	8,016
Augustine Substation and feeders: Install a 132-13.2 kV, 22.4 MVA transformer, extend and reconfigure the existing Augustine 13 kV feeders, converting 4 kV load to 13 kV. Located in Kenton County, Kentucky	2,025	815
Hebron Substation and feeders: Install a 132-13.2 kV, 22.4 MVA transformer, and two 13 kV feeders and associated substation and distribution equipment. Located in Boone County, Kentucky	2,371	-
Turfway Substation and feeders: Install a 132-13.2 kV, 22.4 MVA transformer, and two 13 kV feeders and associated substation and distribution equipment. Located in Boone County, Kentucky	1,040	2,280
White Tower Substation and feeder: Install a 69-13.2 kV, 10.5 MVA transformer, and one 13 kV feeder and associated substation and distribution equipment. Located in Kenton County, Kentucky	46	920
Kenton Substation and feeder: Install a 69-13.2 kV, 33.3 MVA transformer, and one 13 kV feeder and associated substation and distribution equipment. Located in Kenton County, Kentucky	190	1,319

Alexandria South Substation and feeder: Install a 69-13.2 kV, 10.5 MVA transformer, and one 13 kV feeder and associated sub- station and distribution equipment. Located in Campbell County, Kentucky	72	1,346
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Highway improvements to accommodate planned improvements by governmental bodies in our service area. Various counties in Kentucky	-	1,635
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Other projects	<u>1,929</u>	<u>1,933</u>
	<u>15,382</u>	<u>18,264</u>

GAS

Miscellaneous improvements to distri- bution system including mains, line extensions, regulators, over-pressure protection, etc.	9,231	9,646
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Replace steel main due to street improve- ment by the State of Kentucky	625	-
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Replace main in conjunction with Kentucky Department of Transportation planned improvements of Route U.S. 27	1,050	-
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Other projects	<u>1,698</u>	<u>2,169</u>
	<u>12,604</u>	<u>11,815</u>

COMMON

Install new customer service system	3,023	-
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Other projects	<u>358</u>	<u>363</u>
	<u>3,381</u>	<u>363</u>

TOTAL	<u>31,367</u>	<u>30,442</u>
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